GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3030
ANSWERED ON:19.08.2011
REGULATION OF PRIVATE MONEY LENDERS
Rai Shri Prem Das

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has assessed the shifting of rural people from the micro finance sector to private money lenders;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Government has any proposal to regulate the private money lenders; and

(d) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) to (d): Loans in the microfinance sector are being provided mainly through the Self Help Group (SHG) − Bank Linkage Model and the Micro Finance Institution (MFI) − Bank Linkage Model. In the SHG-Bank Linkage Model, SHGs are directly financed by banks. In the MFI-Bank Linkage Model banking agencies finance to Micro Finance Institutions (MFIs) for on-lending to SHGs and other small borrowers.

The Government has formulated a draft Micro Finance Institutions (Development and Regulation) Bill, 2011, which had been put on the website of Ministry of Finance seeking comments of Stake holders.